

Message Text

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TO AMEMBASSY BELGRADE PRIORITY
INFO AMCONSUL ZAGREB PRIORITY

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E.O. 11652: N/A

TAGS: ETRD, YO

SUBJECT: CHAMBER OF ECONOMY DELEGATION VISIT

REF: 1) BELGRADE 6998; 2) HUMBERT-MCMULLEN TELCON, 9/26

FROM COMMERCE

1. CHAMBER OF ECONOMY DELEGATION, LED BY ITS PRESIDENT, ILIJA VAKIC, VISITED COMMERCE SEPTEMBER 25. MEETING WITH SECRETARY WAS PRECEDED BY WORKING LUNCHEON HOSTED BY ASSISTANT SECRETARY WEIL AND ATTENDED BY REPRESENTATIVES FROM SIX U.S. FIRMS ACTIVE IN YUGOSLAVIA, AS WELL AS PRESIDENT OF U.S.-YUGOSLAV ECONOMIC COUNCIL, AND YUGOSLAV LIMITED OFFICIAL USE

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TRADE DELEGATE IN NEW YORK.

2. MEETING WITH SECRETARY WAS EXTREMELY CORDIAL AND FRIENDLY. VAKIC REVIEWED PURPOSE OF TRIP AND NOTED THE EXCELLENT STATE OF U.S.-YUGOSLAV RELATIONS, TITO VISIT, ROLE OF CHAMBER AND U.S.-YUGOSLAV ECONOMIC COUNCIL IN PROMOTING BILATERAL ECONOMIC RELATIONS. HE NOTED WITH

PLEASURE CREATION OF WORKING GROUPS WHICH SHOULD ALSO CONTRIBUTE TO THE EXPANSION OF BILATERAL TRADE AND INVESTMENT, AND THE RESOLUTION OF MUTUAL PROBLEMS. VAKIC

INDICATED DESIRE TO PROMOTE YUGOSLAV EXPORTS TO THE U.S. IN ORDER TO INCREASE IMPORTS OF ADVANCED TECHNOLOGY EQUIPMENT FROM THE U.S. HE ALSO STATED THERE ARE EXCELLENT OPPORTUNITIES FOR DEVELOPING JOINT VENTURES IN THIRD COUNTRIES. HE DID NOT, HOWEVER, MENTION ANY PLANS FOR A SUDDEN SHIFT TO IMPORT FROM U.S. AS REPORTED REFTTEL.

3. VAKIC RAISED THREE QUOTE PROBLEMS UNQUOTE: EXPORT LICENSES, PENDING ITC ESCAPE CLAUSE ACTIONS AND U.S. BANK CREDITS FOR INVESTMENTS IN YUGOSLAVIA:

A. EXPORT LICENCES: VAKIC INDICATED THERE ARE LONG DELAYS, IN SOME CASES UP TO ONE YEAR, IN THE GRANTING OF EXPORT LICENSES, CAUSING SEVERE PROBLEMS WHEN PROJECTS REQUIRE EQUIPMENT FROM THIRD-COUNTRY SUPPLIERS; BY THE TIME THE LICENSE IS GRANTED, THE EQUIPMENT MAY ALREADY BE OBSOLETE. THESE DELAYS ALSO HINDER INVESTMENT PLANNING. THE SECRETARY AND MR. WEIL POINTED OUT THAT COMMERCE IS STRIVING TO IMPROVE EXPORT LICENSE PROCESSING.

B. ITC ESCAPE CLAUSE ACTIONS: VAKIC MENTIONED PENDING COPPER AND FERROCHROMIUM ESCAPE CLAUSE ACTIONS, STRESSING LIMITED OFFICIAL USE

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CONSEQUENCES OF ANY RESTRICTIVE ACTION ON YUGOSLAV EXPORTS OF THESE PRODUCTS. HE REQUESTED THAT WE HEAR GOY VIEWS BEFORE ANY ACTION IS TAKEN.

C. U.S. BANK CREDITS TO YUGOSLAVIA: VAKIC ASKED FOR ASSISTANCE TO PERSUADE BANKS TO GRANT MORE CREDITS FOR INVESTMENT PROJECTS, POINTING OUT THAT YUGOSLAVIA IS POLITICALLY STABLE AND THAT SOUND INVESTMENT DECISIONS LEAD TO PRODUCTIVE RESULTS. MR. WEIL SUGGESTED THAT VAKIC AND DELEGATION APPROACH U.S. BANKS DIRECTLY. FYI: COLANOVIC STATED PRIVATELY THAT HE WILL MEET WITH LEADING BANKS ON THE WEST COAST.

4. COMMENT: WE UNDERSTAND FROM YUGOSLAV EMBASSY THAT VAKIC AND HIS DELEGATION WERE MORE SATISFIED WITH THE VISIT, PARTICULARLY THE MEETING WITH THE SECRETARY. AS WE ARE UNAWARE OF ANY EXPORT CONTROL PROBLEMS AT THE MOMENT, WE HAVE REQUESTED CHAMBER OFFICIALS TO PROVIDE THE EMBASSY WITH DETAILED INFORMATION ON ANY PENDING CASES. WE WILL DISCUSS THIS MATTER FURTHER WITH CHAMBER OFFICIAL DIMOV DURING HIS VISIT HERE.

5. PRESS/PUBLICITY: ICA PHOTOGRAPHER WAS PRESENT AND WE UNDERSTAND SHOTS WILL BE FORWARDED TO EMBASSY. INFORMATION ON VISIT WAS ALSO PASSED TO VOA. CHRISTOPHER

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